



Democracy plus

Independent Auditor's Report and financial statements
for the year ended December 31, 2017

TABLE OF CONTENTS

PAGE

AUDITORS' REPORT

STATEMENT OF FINANCIAL POSITION

1

STATEMENT OF REVENUE AND EXPENDITURE

2

STATEMENT OF CHANGES IN NET ASSETS

3

STATEMENT OF CASH FLOWS

4

NOTES TO THE FINANCIAL STATEMENTS

5



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Democracy plus

Opinion

We have audited the accompanying financial statements of the Democracy Plus, which comprise the statement of financial position as at December 31, 2017, and the statement of profit or loss, statement of changes in fund balances and statement of cash flow for the year then ended, and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Democracy Plus as of December 31, 2017, results of its operation and the cash flow for the year then ended in conformity with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Project financial report section of our report. We are independent of the Business in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard and the internal controls that the management deems necessary to enable the preparation of financial statements without material misstatement due to fraud or error. For the financial statements preparation, management is responsible for assessing the organization's ability to sustainability in the future, disclosing, as necessary, future sustainability issues and using the accounting continuity principle unless management intends to liquidate the Organization or Interrupt the operation, or there is no other possible alternative than to do it. Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in total, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Armend Osaj
Statutory Auditor
ACA – Audit & Consulting Associates
Prishtine, Kosovo
February 2018



DEMOCRACY PLUS
Statement of Financial Position
For the year ended December 31, 2017

	Notes	December 31, 2017 (in EUR)	Unaudited December 31, 2016 (in EUR)
ASSETS			
Non-current assets			
Property and equipment	4	4,766	2,087
Total non-current assets		4,766	2,087
Current assets			
Cash and bank equivalents	5	65,793	49,667
Accounts receivable	6	-	1,595
Total current assets		65,793	51,262
TOTAL ASSETS		70,559	53,349
LIABILITIES AND RESERVES			
Non-current liabilities			
Deferred Revenue: Donated Assets	4	4,766	2,087
Total non-current liabilities		4,766	2,087
Current liabilities			
Accounts payable	7	1,693	1,828
Deferred Revenue	8	64,100	49,434
Total current liabilities		65,793	51,262
Reserves			
Retained surplus		-	-
Total reserves		-	-
TOTAL LIABILITIES AND RESERVES		70,559	53,349

The financial statements have been signed in February, 2018 by:

Valmir Ismaili


 Executive Director



The accompanying notes from 1 to 15 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Comprehensive Income
For the year ended December 31, 2017

	Notes	December 31, 2017	Unaudited- December 31, 2016
		(in EUR)	(in EUR)
Income			
Grant income	9	182,394	58,451
Income from donated assets	4	1,322	522
Total income		<u>183,716</u>	<u>58,973</u>
Operating Expenses			
Staff salaries and benefits	10	117,673	34,647
Project activities	11	46,306	19,340
Administrative expenses	12	18,415	4,464
Depreciation expenses	4	1,322	522
Total expenses		<u>183,716</u>	<u>58,973</u>
Profit Before taxation		-	-
Income tax		-	-
Net (deficit)/surplus for the year		<u>-</u>	<u>-</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Changes in Equity
For the year ended December 31, 2017

	Retained surplus (in EUR)	Total (in EUR)
As at December 31 2015	-	-
Profit for the year	-	-
As at December 2016	-	-
Profit for the year	-	-
As at 31 December 2017	-	-

The accompanying notes from 1 to 15 form an integral part of these financial statements

DEMOCRACY PLUS
Statement of Cash Flows
For the year ended December 31, 2017

	Year ended December 31, 2017 (in EUR)	Unaudited Year ended December 31, 2016 (in EUR)
Cash flows from operating activities		
Net (deficit)/surplus for the year	-	-
Adjustments for:		
Depreciation of property and equipment	1,322	522
Income from donated assets	(1,322)	(522)
	<hr/>	<hr/>
Operating surplus before changes in operating assets and liabilities	-	-
	<hr/>	<hr/>
Changes in operating assets and liabilities		
Change in accounts receivable	1,595	(1,595)
Change in donated assets	4,001	2,609
Change in deferred revenues	14,666	49,434
Change in accounts payable and accrued expenses	(135)	1,828
	<hr/>	<hr/>
Net cash used in operating activities	20,127	52,276
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property and equipment	(4,001)	(2,609)
	<hr/>	<hr/>
Net cash used in investing activities	(4,001)	(2,609)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	16,126	49,667
Cash and cash equivalents at the beginning of the year	49,667	<hr/>
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	65,793	49,667
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes from 1 to 15 form an integral part of these financial statements

DEMOCRACY PLUS
Notes to the Financial Statements
For the year ended December 31, 2017

1. INTRODUCTION

Democracy Plus (hereafter called the "Organization" or "D+"), a non-for-profit organization is established as a foundation, founded in accordance with the Law no. 04/L-057 on freedom of Association in Non-Governmental Organizations, approved from the Kosovo Assembly on 2011, under the registered number 5200344-0 and Fiscal number 601602643. The organization was registered on 11.03.2016.

The main objective of D+ is to foster democratic values and practices that will further strengthen the voice of the Kosovar society. D+ aims at contributing in establishing good governance practices, strengthening the rule of law, assisting political parties and the process of free and fair elections, and fostering respect for human rights and social issues. In its short time of existence, D+ has implemented different projects that aim to bring decision-makers closer to citizens through policy research, facilitation of dialogue and interaction as well as public education.

D+'s staff have implemented projects that facilitate discussion between citizens and local authorities in addressing a number of public issues. D+ has advocated for increased of youth in local decision making, provided interns to 16 municipalities of Kosovo to aid them in improving communication with citizens.

Building on its experience and credibility to help local institutions and facilitate communication with the public, D+ has launched an online platform to bridge the communication gap between constituents and local governments with regards to the provision of public services including: road work, public lightning, trash collection among others. Through this idea, D+ has given citizens a forum to exercise public pressure on their elected officials to improve service delivery, while enabling municipalities to act quickly upon requests coming from their constituents. In addition, D+ was heavily involved in monitoring elections both parliamentary and local ones that took place during June and October/November 2017 respectively. In this regard, D+ held training for women candidates for better representation in elections, organized Mayoral candidates of seven municipalities to commit to upholding transparency and accountability at the cornerstone of their governance once elected.

In addition, D+ continued implementing www.ndrege.com, a fix-my-community platform that makes it easier for citizens report public service complaints to municipal institution using GPS coordinates and mobile photography of the complaint.

D Plus donors and supporters for the year 2017 included:

1. US Agency for International Development (USAID) through different schemes/contractors such as Advancing Kosovo Together (AKT) and Partnership for Development (PFD);
2. Kosovo Foundation for Open Society (KFOS);
3. Kosovar Civil Society Foundation (KCSF);
4. United States Embassy in Kosovo;
5. Friedrich Ebert Stiftung (FES) and other donors.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and Interpretations effective in the current period

Below are presented the amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee which are effective for the current period:

Standard	Description	Effective date
Amendment to IFRS 14	Regulatory Deferral Accounts	beginning on or after 1 January 2016
Amendment to IFRS 10	Consolidated Financial Statements	beginning on or after 1 January 2016
Amendment to IFRS 11	Joint Arrangements	beginning on or after 1 January 2016
Amendment to IFRS 12	Disclosure of Interests in other Entities	beginning on or after 1 January 2017
Amendment to IAS 1	Presentation of Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 7	Disclosure Initiative	beginning on or after 1 January 2017
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	beginning on or after 1 January 2017
Amendment to IAS 16	Property, Plant and Equipment	beginning on or after 1 January 2016
Amendment to IAS 27	Separate Financial Statements	beginning on or after 1 January 2016
Amendment to IAS 28	Investments in Associates and Joint Ventures	beginning on or after 1 January 2016
Amendment to IAS 38	Intangible Assets	beginning on or after 1 January 2016
Amendment to IAS 41	Agriculture-Bearer Plants	beginning on or after 1 January 2016
Amendment to different standards	Improvements to IFRS (2012-2014 Cycle)-resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after January 1, 2016
Amendment to different standards	Improvements to IFRS (2010-2012 Cycle) - The annual project resulting from improvements in quality of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16,	beginning on or after 1 July 2014

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

	IAS 24 and IAS 38) primarily with a view to remove inconsistencies and clarifying wording	
Amendment to different standards	Improvements to IFRS (2011-2013 Cycle)-resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to remove inconsistencies and clarifying wording	annual periods beginning on or after July 1, 2014

2.2 Standards and interpretations in issue not yet effective

In these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

Standard	Description	Effective date
IFRS 1	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (removing short-term exemptions)	beginning on or after 1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment transactions	beginning on or after 1 January 2018
IFRS 3	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)	beginning on or after 1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	beginning on or after 1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	beginning on or after 1 January 2019
IFRS 11	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (remeasurement of previously held interest)	beginning on or after 1 January 2019

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

IFRS 15	Clarifications to IFRS 15	beginning on or after 1 January 2018
IFRS 16	Leases	beginning on or after 1 January 2019
IFRS 17	Original issue	beginning on or after 1 January 2021
IAS 12	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (income tax consequences of dividends)	beginning on or after 1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	beginning on or after 1 January 2019
IAS 23	Amendments resulting from <i>Annual Improvements 2015–2017 Cycle</i> (borrowing costs eligible for capitalisation)	beginning on or after 1 January 2019
IAS 28	Amendments resulting from <i>Annual Improvements 2014–2016 Cycle</i> (clarifying certain fair value measurements)	beginning on or after 1 January 2018
IAS 28	Amendments regarding long-term interests in associates and joint ventures	beginning on or after 1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property	beginning on or after 1 January 2018

The entity has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The entity anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the entity in the period of initial application.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

3.3 Currency of presentation

The reporting currency of Democracy Plus is the European Union currency unit Euro ("EUR"). The organization has six bank accounts in Pro Credit Bank.

3.4 Significant accounting policies

A summary of the most significant accounting policies adopted in the preparation of the financial statements is presented below:

3.4.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are considered to be cash on hand and at bank and in operating accounts at bank with an original maturity of three months or less.

3.4.2 Foreign currencies

Transactions in foreign currencies are converted to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measures in terms of historical cost in a foreign currency are not retranslated.

3.4.3 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Democracy Plus.

Depreciation is calculated to write off the cost of items of IT equipment and Furniture and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful lives of property and equipment for current and comparative periods are as follows:

IT equipment	5 years
Furniture, fixture and equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4.4 Revenue recognition

Revenues from grants are recognized as income on the period when received. At the end of the year the excess amount of revenues over expenses is treated as balance carried forward to the next period.

3.4.5 Expenses recognition

Expenses incurred are recognized in that period with the historical costs.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

3.4.6 Taxation

Democracy Plus is established as a nongovernmental organization, therefore has responsibility and operates as an NGO under applicable Kosovo Laws.

3.4.7 Employee benefits

The organization makes no provision for and has no obligation for employee pensions over and above the contributions paid into the Kosovo Pension Savings Trust.

3.4.8 Critical judgments in applying the organization's accounting policies

In the process of applying the Organization's accounting policies, which are described in note 3 above, management has made no judgments that have significant effect on the amounts recognized in the financial statements.

3.4.9 Critical judgments in applying the accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

4. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture	Equipment	Total
Cost				
As at January 01, 2016	-	-	-	-
Additions	609	2,000	-	2,609
Write offs and disposals	-	-	-	-
As at December 31, 2016	609	2,000	-	2,609
As at January 01, 2017	609	2,000	-	2,609
Additions	2,722	336	943	4,001
Write offs and disposals	-	-	-	-
As at December 31, 2017	3,331	2,336	943	6,610
Accumulated depreciation				
As at January 01, 2016	-	-	-	-
Depreciation charge for the year	122	400	-	522
Write offs and disposals	-	-	-	-
As at December 31, 2016	122	400	-	522
As at January 01, 2017	122	400	-	522
Depreciation charge for the year	666	467	189	1,322
Write offs and disposals	-	-	-	-
At December 31, 2017	788	867	189	1,844
Net book value				
As at December 31, 2017	2,543	1,469	754	4,766
As at December 31, 2016	487	1,600	-	2,087

DEFERRED INCOME RELATED TO DONATED ASSETS

	December 31, 2017 (in EUR)	December 31, 2016 (in EUR)
Balance as at 01 January	2,087	-
Donation received during the year	4,001	2,609
Release to income during the year	(1,322)	(522)
Balance as at 31 December	4,766	2,087

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

5. CASH AND BANK BALANCES

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Cash on hand	90	-
Cash at banks	65,703	49,667
Total Cash and Cash Equivalents	65,793	49,667

During this period "Democracy Plus" had six bank accounts opened in Pro Credit Bank. The bank accounts are in Euro currency.

6. ACCOUNTS RECEIVABLE

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Accounts Receivable	-	1,595
Total receivables	-	1,595

7. PREPAYMENTS

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Accounts Payable	1,693	1,828
Total Payables	1,693	1,828

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

8. DEFERRED REVENUE

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
SOROS	21,150	19,490
CDF- AKT	12,784	4,714
Millenium DPI Partners	10,000	-
DAI	8,896	-
D+	5,560	4,025
CHEMONICS KOSOVO	2,401	-
CFLI Funds	1,549	-
IPA	1,760	-
KCSF	-	21,205
Total Deferred Revenue	64,100	49,434

9. GRANT INCOMES

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
AKT	50,753	18,710
SOROS	49,860	18,434
KCSF	42,779	3,303
Ambasada Amerikane	13,570	-
CFLI	7,616	-
FES	7,395	-
QKSGJ	5,000	-
IPA	2,845	-
Ambasada Austriake	1,472	-
DAI	1,104	-
ATRC	-	13,681
Grupi per studime juridike dhe politike	-	4,324
Total grant incomes	182,394	58,451

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

10. STAFF SALARIES AND BENEFITS

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Staff salaries and benefits	112,228	-
Pension contribution	5,445	-
Total staff salaries and benefits	117,673	-

11. PROJECT ACTIVITIES

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Training expenses	13,905	-
Marketing costs	13,592	-
Translation	4,405	-
Project partners	4,024	-
Travel and Meetings	3,291	-
Workshops	2,299	-
Round tables	3,083	-
Project Analysis	1,708	-
Total Project activities	46,306	-

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

12. ADMINISTRATIVE EXPENSES

	December 31, 2017	December 31, 2016
	(in EUR)	(in EUR)
Rent	7,747	-
Office supplies	3,165	-
Travel expenses	2,305	-
Telephone and internet	2,023	-
Audit expenses	1,000	-
Utilities	893	-
Repairs and maintenance	178	-
Other expenses	1,103	-
Total administrative expenses	18,415	-

13. RELATED PARTY DISCLOSURE

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

14. RISK MANAGEMENT

14.1 Credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of trade receivables and holdings of cash at bank. The Organization's credit risk is managed by placing its cash and cash equivalents with high quality financial institutions. The receivables credit risk is controlled through revised credit terms (maximum 15 days as credit limit), credit approvals, credit limits and monitoring procedures.

14.2 Interest rate risk

The organization is not exposed to interest rate risk as they do not have any borrowings or placements.

DEMOCRACY PLUS
Notes to the Financial Statements (continued)
For the year ended December 31, 2017

14.3 Foreign exchange risk

The organization pays liabilities in foreign currency within a short period of time thus reducing the risk that changes in foreign currency would result in significant losses.

14.4 Liquidity risk

Liquidity risk arises in the general funding of the Organization's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations.

The organization monitors its liquidity on a periodic basis in order to manage its obligations as and when they fall due. As at December 31, 2017, the Organization's financial assets and liabilities have maturity less than 12 months.

15. SUBSEQUENT EVENTS

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.